

Message Text

UNCLASSIFIED

PAGE 01 ABU DH 01214 021030Z
ACTION NEA-10

INFO OCT-01 ISO-00 AGRE-00 INT-05 DOE-15 SOE-02
CIAE-00 DODE-00 INR-10 NSAE-00 PA-02 ICA-20 SP-02
AID-05 COME-00 EB-08 FRB-01 TRSE-00 XMB-04
OPIC-06 LAB-04 SIL-01 OMB-01 STR-07 /104 W
-----128778 021209Z /46

R 020351Z MAY 78
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 7761
INFO AMEMBASSY BEIRUT
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
USLO RIYADH

UNCLAS ABU DHABI 1214

E O 11652: NA
TAGS: EAGR, BTRA, BEXP, TC
SUBJ: ABU DHABI FIXES SOME FOOD PRICES

SUMMARY: ABU DHABI EMIRATE BUT NOT REPEAT NOT REST OF EMIRATES
IN UAE FIXED PRICES FOR A WIDE VARIETY OF PRODUCTS, MEAT, MILK,
SUGAR AND OIL DURING WEEK OF APRIL 16, 1978. NEW PRICES
PROMPTED A WAVE OF PRICE GOUGING AND HORDING, AND SCREAMS OF
ANGUISH FROM LOCAL MERCHANTS. NEW SCHEDULE'S IMPACT REMAINS TOO
BE SEEN. IF PRICES ARE KEPT LOW, IN SOME CASES BELOW COST FOR
HIGH-QUALITY, IMPORTED GOODS, SOME PRODUCTS ARE LIKELY TO DIS-
APPEAR FROM LOCAL TABLES. IF PRICES REFLECT THEIR USUAL HIGH
MARKUPS, ILLEGALITY WILL BE COUNTENANCED. IN EITHER CASE,
PUBLIC AND PRIVATE DISCONTENT IS LIKELY. END SUMMARY.

1. ON APRIL 18, ABU DHABI GOVERNMENT ANNOUNCED THAT PRICES
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABU DH 01214 021030Z

WOULD BE SET FOR A WIDE SELECTION OF BASIC GOODS. TWO DAYS LATER,
WHOLESALE AND RETAIL PRICE SCHEDULES WERE PUBLISHED FOR MEAT,
POULTRY, MILK, SUGAR, RICE, FLOUR, VEGETABLE AND ANIMAL FATS,
FRUITS AND VEGETABLES. NEW RETAIL PRICES ARE ABOUT 10 PERCENT
HIGHER THAN WHOLESALE BUT BELOW PRICES PREVAILING BEFORE THE
FREEZE IN GOOD QUALITY SHOPS.

2. PRESS REPORTS INDICATE SUBSTANTIAL DISCONTENT AMONG MERCHANTS. PICTURES OF FRUITS AND VEGETABLES PRICED SHARPLY ABOVE ESTABLISHED LEVELS HAVE BEEN PUBLISHED. REPORTS OF INSPECTIONS TOO IDENTIFY HOARDERS AND PRICE GOUGERS HAVE BEEN NOTED. ONE LETTER HAS APPEARED IN THE ARABIC PRESS SAYING THAT MERCHANTS ARE IGNORING THE ESTABLISHED PRICES.

3. MANY FOODSTUFFS WHOSE PRICES HAVE BEEN FIXED HAVE DISAPPEARED FROM THE LOCAL MARKETS ALTHOUGH RUMOR HAS IT THAT THEY ARE AVAILABLE TO FAVORED CUSTOMERS AT THE OLD PRICES. WHILE PRICE CONTROLS HAVE BEEN UNDER DISCUSSION SINCE LAST YEAR, THE CURRENT LEVELS SEEM TO HAVE BEEN SET HASTILY AND WITHOUT CONSIDERING THAT RETAIL PRICES SHOULD INCLUDE SUCH COSTS AS THE EXORBITANT RENTS CHARGED BY LOCAL LANDLORDS AND THE HIGH COST OF LABOR. (WAGES ARE NOT HIGH BUT PRODUCTIVITY IS ABYSMAL.) STORAGE CHARGES IN THE GOVERNMENT OWNED REFRIGERATED WAREHOUSE ARE ALSO QUITE HIGH AND THIS COMPANY HAS NOT REDUCED ITS PRICES TO RETAILERS.

4. THE NEW PRICES STRIKE HARDEST AT THE SMALL, ASIAN OR IRANIAN RETAILER IN THE SOUQ AND IN SMALL MARKETS THROUGHOUT THE CITY. AS YET, THEY HAVE NOT BEEN EXTENDED TO THE REST OF THE EMIRATES. SHOULD THAT HAPPEN, THE DEGREE TO WHICH THEY MIGHT BE INFORCED IN THE LAISSEZ-FAIRE MARKETS OF DUBAI IS OPEN TO QUESTION.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ABU DH 01214 021030Z

5. ABU DHABI GOVERNMENT HAS PROMISED TO REVIEW PRICES REGULARLY AND TO ADJUST THEM TO REFLECT CHANGES IN COST OF IMPORTS. IF SET PRICES ARE UNREALISTICALLY LOW, AND NOT CHANGED, SOME PRODUCTS MAY DISAPPEAR FROM RETAIL OUTLETS. ONE LARGE MARKET HAS STOPPED IMPORTING FRESH MEAT BECAUSE THE DIFFERENCE BETWEEN WHOLESALE AND RETAIL WAS LESS THAN THE AIR FREIGHT. OUR JUDGMENT IS THAT MR. SMITH'S "INVISIBLE HAND" WILL ULTIMATELY DETERMINE AVAILABILITY IF THE GOVERNMENT SETS PRICES UNLESS THE GOVERNMENT INTERVENES AND SUBSIDIZES GROCERIES. IN THE INTERIM, ABU DHABI, NEVER AN EPICUREAN'S PARADISE, MAY FIND ITSELF EMBARKED ON AN UNWITTING CULINARY AUSTERITY REGIME. SHOULD THAT COME TO PASS, DUBAI CAN PROBABLY BE DEPENDED UPON TO RESUME ITS TRADITIONAL PASTIME AND SMUGGLE FOOD INTO THE RICHEST PER CAPITA CITY IN THE WORLD.
DICKMAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOODS, PRICE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ABUDH01214
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780186-0805
Format: TEL
From: ABU DHABI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197805104/aaaadksg.tel
Line Count: 109
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c198a494-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2525986
Secure: OPEN
Status: NATIVE
Subject: ABU DHABI FIXES SOME FOOD PRICES SUMMARY: ABU DHABI EMIRATE BUT NOT REPEAT NOT REST OF EMIRATES IN UAE
FIXED PRICES FOR A WIDE VARIETY OF PRODUCTS
TAGS: EAGR, BTRA, BEXP, TC
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/c198a494-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014